

**RACE TO THE TOP  
FISCAL ACCOUNTABILITY AND OVERSIGHT REVIEW**

**Massachusetts**

**Date of Review: May 21-25, 2012**

Race to the Top award: \$250,000,000

**Acronyms:**

ARRA – American Recovery and Reinvestment Act of 2009

EDGAR – *Education Department* General Administrative Regulations (codified in 34 Code of Federal Regulations, Parts 74 to 82)

GEPA – General Education Provisions Act

LEA – Local Educational Agency

OSSE – Office of the State Superintendent of Education

**Accountability and Oversight**  
**Summary of Monitoring Indicators:**

<b>MASSACHUSETTS</b>				
<b>Critical Element</b>	<b>Requirement</b>	<b>Citation</b>	<b>Results</b>	<b>Page #</b>
<b>Allocations to LEAs</b>	The State allocated funds to participating LEAs based on their relative share of funding under Title I, Part A of the Elementary and Secondary Education Act of 1965.	ARRA Section 14003(a)	Met Requirement	
<b>Fiscal Oversight of Race to the Top Funds</b>	The State and subrecipients used the funds only for allowable activities	ARRA Sections 14002(b), 14003, 14004, 1604, 1605, and 1606	Met Requirement	
	The State and sub-recipients complied with the principles of cash management (i.e. funds advanced were actually expended)	EDGAR § 80.21	Issue Referred	4
	The State and subrecipients have systems to track and account for Race to the Top funds in place	EDGAR § 80.20	Met Requirement	
	The State and subrecipients complied with cross-cutting ARRA requirements (e.g., Section 1512 reporting, Buy American, infrastructure certification)	ARRA Sections 1511, 1512, 1604, 1605, 1606, and 1607	Met Requirement	
	The State and subrecipients used the funds only during the period of availability (which may include pre-award costs)	ARRA Section 1603 and GEPA 412(b)	Met Requirement	
<b>1511 Certifications (if applicable)</b>	The State certifies that infrastructure investments have received the full review and vetting required by law and accepts responsibility that it is an appropriate use of taxpayer dollars.	ARRA Sections 1511	Not Applicable	
<b>Quarterly ARRA Reporting</b>	The State is ensuring compliance with ARRA Section 1512 quarterly reporting regulations.	ARRA Sections 1512	Met Requirement	
	The State established clear policies and procedures for compliance with applicable reporting requirements	ARRA Sections 14008 and 1512	Met Requirement	
	The State provided guidance on reporting to LEAs.	ARRA Sections 14008 and 1512	Met Requirement	
	The State provided feedback to	ARRA Sections	Met Requirement	

**MASSACHUSETTS**

<b>Critical Element</b>	<b>Requirement</b>	<b>Citation</b>	<b>Results</b>	<b>Page #</b>
	LEAs on the data reported.	14008 and 1512		
<b>Sub-recipient Monitoring</b>	The State has developed a monitoring plan with appropriate policies and procedures	EDGAR §80.40; Race to the Top grant condition "O"	Met Requirement	
	The State has developed comprehensive monitoring protocols that include programmatic and fiscal monitoring	EDGAR §80.40; Race to the Top grant condition "O"	Met Requirement	
	The State has established a reasonable monitoring schedule	EDGAR §80.40; Race to the Top grant condition "O"	Met Requirement	
	The State has provided monitoring reports and corrective action follow-up (when available)	EDGAR §80.40; Race to the Top grant condition "O"	Met Requirement	

**Issue Referred:**

*Critical Element: Fiscal Oversight of Race to the Top Funds*

**Requirement and Citation:** The State and its sub-recipients must comply with the principles of cash management; EDGAR 34 CFR § 80.21

**Issue:**

During the Department's on-site review of LEA fiscal documentation, the Department was not able to verify that LEAs are in compliance with Federal cash management requirements. Of three sample reports provided from the State's accounting system, it appears that at least two LEAs drew down more Race to Top funds than they expended for immediate obligation; and, with documentation that Race to the Top funds reside in an interest bearing account at the local level for at least one of those LEAs, the Department determined that at least one LEA accrued interest on Race to the Top funds.

The State provided further information to the Department following the on-site review to clarify the State's procedures regarding cash management. The Department determined that the State is implementing the procedures as described. However, we do not believe that the States procedures result in LEAs complying with cash management requirements or in the State identifying those LEAs that accrued interest on their Federal funds. Because the issue identified during the review affects other Department programs, the ISU has provided the information received regarding cash management to the Department's Risk Management Services (RMS) for further review, and that office will determine any further actions.